
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-33963

Iridium Communications Inc.

(Exact name of registrant as specified in its charter)

DE

26-1344998

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1750 Tysons Boulevard, Suite 1400, McLean, VA 22102

(Address of principal executive offices, including zip code)

703-287-7400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$0.001 par value	IRDM	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock, par value \$ 0.001 per share, outstanding as of July 16, 2024 was 118,382,660.

IRIDIUM COMMUNICATIONS INC.

TABLE OF CONTENTS

Item No.		Page
<u>Part I. Financial Information</u>		
ITEM 1.	<u>Financial Statements:</u>	
	<u>Condensed Consolidated Balance Sheets</u>	3
	<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	4
	<u>Condensed Consolidated Statements of Changes in Stockholders' Equity</u>	5
	<u>Condensed Consolidated Statements of Cash Flows</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
ITEM 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
ITEM 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
ITEM 4.	<u>Controls and Procedures</u>	31
<u>Part II. Other Information</u>		
ITEM 1.	<u>Legal Proceedings</u>	33
ITEM 1A.	<u>Risk Factors</u>	33
ITEM 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
ITEM 3.	<u>Defaults Upon Senior Securities</u>	33
ITEM 4.	<u>Mine Safety Disclosures</u>	33
ITEM 5.	<u>Other Information</u>	33
ITEM 6.	<u>Exhibits</u>	34
	<u>Signatures</u>	35

ITEM 1. FINANCIAL STATEMENTS

PART I.
Iridium Communications Inc.
Condensed Consolidated Balance Sheets
(In thousands, except per share data)

	June 30, 2024	December 31, 2023		
	(Unaudited)			
Assets				
Current assets:				
Cash and cash equivalents	\$ 63,541	\$ 71,870		
Accounts receivable, net	96,189	91,715		
Inventory	85,815	91,135		
Prepaid expenses and other current assets	18,871	16,364		
Total current assets	264,416	271,084		
Property and equipment, net	2,126,618	2,195,758		
Equity method investments	43,534	67,130		
Other assets	87,145	86,708		
Intangible assets, net	95,610	41,095		
Goodwill	100,333	—		
Total assets	<u><u>\$ 2,717,656</u></u>	<u><u>\$ 2,661,775</u></u>		
Liabilities and stockholders' equity				
Current liabilities:				
Short-term secured debt	\$ 16,250	\$ 15,000		
Accounts payable	15,026	28,671		
Accrued expenses and other current liabilities	44,577	54,826		
Deferred revenue	41,653	33,057		
Total current liabilities	117,506	131,554		
Long-term secured debt, net	1,634,714	1,467,490		
Deferred income tax liabilities, net	121,846	114,642		
Deferred revenue, net of current portion	41,167	43,965		
Other long-term liabilities	15,724	16,025		
Total liabilities	1,930,957	1,773,676		
Commitments and contingencies				
Stockholders' equity:				
Common stock, \$0.001 par value, 300,000 shares authorized, 118,518 and 122,776 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	119	123		
Additional paid-in capital	1,043,691	1,089,466		
Accumulated deficit	(292,178)	(235,397)		
Accumulated other comprehensive income, net of tax	35,067	33,907		
Total stockholders' equity	786,699	888,099		
Total liabilities and stockholders' equity	<u><u>\$ 2,717,656</u></u>	<u><u>\$ 2,661,775</u></u>		

See notes to unaudited condensed consolidated financial statements.

Iridium Communications Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
Services	\$ 152,467	\$ 145,142	\$ 301,044	\$ 284,491
Subscriber equipment	22,782	27,376	47,650	69,052
Engineering and support services	25,818	20,590	56,226	44,838
Total revenue	201,067	193,108	404,920	398,381
Operating expenses:				
Cost of services (exclusive of depreciation and amortization)	39,464	35,432	85,913	72,037
Cost of subscriber equipment	13,946	16,113	27,826	43,252
Research and development	6,512	5,626	13,710	9,504
Selling, general and administrative	46,723	37,339	83,534	76,023
Depreciation and amortization	50,776	114,569	100,520	190,388
Total operating expenses	157,421	209,079	311,503	391,204
Operating income (loss)	43,646	(15,971)	93,417	7,177
Other income (expense), net:				
Interest expense, net	(23,797)	(18,723)	(44,460)	(36,613)
Other income (expense), net	(646)	419	(603)	638
Total other expense, net	(24,443)	(18,304)	(45,063)	(35,975)
Income (loss) before income taxes and gain (loss) on equity method investments	19,203	(34,275)	48,354	(28,798)
Income tax benefit (expense)	(4,565)	5,211	(12,496)	10,664
Gain (loss) on equity method investments	17,698	(1,677)	16,131	(2,832)
Net income (loss)	\$ 32,336	\$ (30,741)	\$ 51,989	\$ (20,966)
Weighted average shares outstanding - basic	120,612	126,239	121,877	126,569
Weighted average shares outstanding - diluted	121,242	126,239	122,703	126,569
Net income (loss) per share - basic	\$ 0.27	\$ (0.24)	\$ 0.43	\$ (0.17)
Net income (loss) per share - diluted	\$ 0.27	\$ (0.24)	\$ 0.42	\$ (0.17)
Comprehensive income (loss):				
Net income (loss)	\$ 32,336	\$ (30,741)	\$ 51,989	\$ (20,966)
Foreign currency translation adjustments	(327)	(132)	(723)	(41)
Unrealized gain (loss) on cash flow hedges, net of tax (see Note 6)	(4,850)	10,061	1,883	405
Comprehensive income (loss)	\$ 27,159	\$ (20,812)	\$ 53,149	\$ (20,602)

See notes to unaudited condensed consolidated financial statements.

Iridium Communications Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except per share amounts)
(Uunaudited)

	Three Months Ended June 30, 2024						Three Months Ended June 30, 2023					
	Common Stock			Accumulated			Common Stock			Accumulated		
	Shares	Amount	Additional	Other	Comprehensive	Total	Shares	Amount	Additional	Other	Comprehensive	Total
			Paid-In Capital	Deficit	Income	Stockholders' Equity			Paid-In Capital	Deficit	Income	Stockholders' Equity
Balances at beginning of period	121,643	\$ 122	\$ 1,069,638	\$ (256,319)	\$ 40,244	\$ 853,685	125,924	\$ 126	\$ 1,126,586	\$ (83,120)	\$ 41,998	\$ 1,085,590
Stock-based compensation	—	—	20,500	—	—	20,500	—	—	18,661	—	—	18,661
Stock options exercised and awards vested	203	—	528	—	—	528	248	—	934	—	—	934
Stock withheld to cover employee taxes	(15)	—	(438)	—	—	(438)	(16)	—	(888)	—	—	(888)
Repurchases and retirements of common stock	(3,313)	(3)	(29,363)	(68,195)	—	(97,561)	(1,111)	(1)	(10,020)	(56,621)	—	(66,642)
Dividends	—	—	(17,174)	—	—	(17,174)	—	—	(16,650)	—	—	(16,650)
Cumulative translation adjustments	—	—	—	—	(327)	(327)	—	—	—	—	(132)	(132)
Unrealized gain (loss) on cash flow hedges, net of tax	—	—	—	—	(4,850)	(4,850)	—	—	—	—	10,061	10,061
Net income (loss)	—	—	—	32,336	—	32,336	—	—	—	(30,741)	—	(30,741)
Balances at end of period	118,518	\$ 119	\$ 1,043,691	\$ (292,178)	\$ 35,067	\$ 786,699	125,045	\$ 125	\$ 1,118,623	\$ (170,482)	\$ 51,927	\$ 1,000,193
Six Months Ended June 30, 2024						Six Months Ended June 30, 2023						
	Common Stock			Accumulated			Common Stock			Accumulated		
	Shares	Amount	Additional	Other	Comprehensive	Total	Shares	Amount	Additional	Other	Comprehensive	Total
			Paid-In Capital	Deficit	Income	Stockholders' Equity			Paid-In Capital	Deficit	Income	Stockholders' Equity
Balances at beginning of period	122,776	\$ 123	\$ 1,089,466	\$ (235,397)	\$ 33,907	\$ 888,099	125,902	\$ 126	\$ 1,124,610	\$ (47,744)	\$ 51,563	\$ 1,128,555
Stock-based compensation	—	—	35,526	—	—	35,526	—	—	33,107	—	—	33,107
Stock options exercised and awards vested	1,052	1	2,605	—	—	2,606	1,272	1	3,677	—	—	3,678
Stock withheld to cover employee taxes	(148)	—	(4,424)	—	—	(4,424)	(130)	—	(7,917)	—	—	(7,917)
Repurchases and retirements of common stock	(5,162)	(5)	(46,026)	(108,770)	—	(154,801)	(1,999)	(2)	(17,991)	(101,772)	—	(119,765)
Dividends	—	—	(33,456)	—	—	(33,456)	—	—	(16,863)	—	—	(16,863)
Cumulative translation adjustments	—	—	—	—	(723)	(723)	—	—	—	—	(41)	(41)
Unrealized gain on cash flow hedges, net of tax	—	—	—	—	1,883	1,883	—	—	—	—	405	405
Net income (loss)	—	—	—	51,989	—	51,989	—	—	—	(20,966)	—	(20,966)
Balances at end of period	118,518	\$ 119	\$ 1,043,691	\$ (292,178)	\$ 35,067	\$ 786,699	125,045	\$ 125	\$ 1,118,623	\$ (170,482)	\$ 51,927	\$ 1,000,193

See notes to unaudited condensed consolidated financial statements.

Iridium Communications Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ 51,989	\$ (20,966)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income taxes	10,297	(18,405)
Depreciation and amortization	100,520	190,388
Stock-based compensation (net of amounts capitalized)	33,347	29,557
Amortization of deferred financing fees	1,202	2,106
(Gain) loss on equity method investments	(16,131)	2,832
All other items, net	322	139
Changes in operating assets and liabilities:		
Accounts receivable	(3,304)	(9,922)
Inventory	5,358	(15,657)
Prepaid expenses and other current assets	(2,067)	(2,006)
Other assets	2,934	880
Accounts payable	(17,886)	2,469
Accrued expenses and other current liabilities	(12,479)	(887)
Deferred revenue	(1,512)	(3,092)
Other long-term liabilities	(50)	(1,446)
Net cash provided by operating activities	<u>152,540</u>	<u>155,990</u>
Cash flows from investing activities:		
Capital expenditures	(27,006)	(45,287)
Acquisition of Satelles, Inc., net of cash acquired	(110,713)	—
Investment in Satelles, Inc.	—	(10,000)
Net cash used in investing activities	<u>(137,719)</u>	<u>(55,287)</u>
Cash flows from financing activities:		
Borrowings under the Term Loan	221,783	—
Payments on the Term Loan	(105,064)	(8,250)
Borrowings under the Revolving Credit Facility	50,000	—
Repurchases of common stock	(154,801)	(119,765)
Payment of deferred financing fees	(177)	—
Proceeds from exercise of stock options	2,606	3,678
Tax payment upon settlement of stock awards	(4,424)	(7,917)
Payment of common stock dividends	(32,768)	(32,687)
Net cash used in financing activities	<u>(22,845)</u>	<u>(164,941)</u>
Effect of exchange rate changes on cash and cash equivalents, and restricted cash	(305)	(1,076)
Net decrease in cash and cash equivalents, and restricted cash	(8,329)	(65,314)
Cash, cash equivalents, and restricted cash, beginning of period	71,870	168,770
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 63,541</u>	<u>\$ 103,456</u>
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	\$ 44,707	\$ 38,028
Income taxes paid, net	\$ 2,888	\$ 1,894
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment received but not paid	\$ 6,359	\$ 4,109
Dividends accrued on common stock	\$ 2,019	\$ 775
Capitalized stock-based compensation	\$ 2,179	\$ 3,548

See notes to unaudited condensed consolidated financial statements.

Iridium Communications Inc.
Notes to Condensed Consolidated Financial Statements

1. Basis of Presentation and Principles of Consolidation

Iridium Communications Inc. (the "Company") prepared its condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The Company's operations are primarily conducted through, and its operating assets are owned by, its principal operating subsidiary, Iridium Satellite LLC, Iridium Satellite LLC's immediate parent, Iridium Holdings LLC, and their respective subsidiaries. The accompanying condensed consolidated financial statements include the accounts of (i) the Company, (ii) its wholly owned subsidiaries, and (iii) all less than wholly owned subsidiaries that the Company controls. All material intercompany transactions and balances have been eliminated.

In the opinion of management, the condensed consolidated financial statements reflect all normal recurring adjustments that the Company considers necessary for the fair presentation of its results of operations and cash flows for the interim periods covered, and of the financial position of the Company at the date of the interim condensed consolidated balance sheet. The operating results for interim periods are not necessarily indicative of the operating results for the entire year. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to instructions, rules and regulations prescribed by the U.S. Securities and Exchange Commission ("SEC"). These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 15, 2024.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates and assumptions, including those related to revenue recognition, the useful lives and recoverability of long-lived and intangible assets, goodwill, income taxes, stock-based compensation, the incremental borrowing rate for its leases, and contingencies, among others. The Company bases these estimates on historical and anticipated results, trends, and various other assumptions that it believes are reasonable, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities and recorded revenues and expenses. Actual results could differ materially from those estimates.

Fair Value Measurements

The Company evaluates assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level to classify them for each reporting period. Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value.

The fair value hierarchy consists of the following tiers:

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2, defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value estimates are based upon certain market assumptions and information available to the Company. The carrying values of the following financial instruments approximated their fair values as of June 30, 2024 and December 31, 2023: (1) cash and cash equivalents, (2) prepaid expenses and other current assets, (3) accounts receivable, (4) accounts payable, and (5) accrued expenses and other current liabilities. Fair values approximate their carrying values because of their short-term nature. The Level 2 cash equivalents include money market funds, commercial paper and short-term U.S. agency securities. The Company also classifies its derivative financial instruments as Level 2. In determining fair value of Level 2 assets, the Company uses a market approach utilizing valuation models that incorporate observable inputs such as interest rates, bond yields and quoted prices for similar assets. The Company did not hold any Level 3 assets as of June 30, 2024 or December 31, 2023.

Leases

For new leases, the Company will determine if an arrangement is or contains a lease at inception. Leases are included as (1) right-of-use ("ROU") assets within other assets and (2) ROU liabilities within accrued expenses and other liabilities and are included within other long-term liabilities on the Company's condensed consolidated balance sheets.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Certain leases contain variable contractual obligations as a result of future base rate escalations which are estimated based on observed trends and included within the measurement of present value. The Company's leases do not provide an implicit rate. The Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as teleport network facilities, the Company elects the practical expedient to combine lease and non-lease components as a single lease component. When measuring new lease contracts or remeasuring existing lease contracts, taxes assessed on leases in which the Company is either a lessor or lessee are excluded from contract consideration and variable payments.

Inventory

Inventory consists primarily of finished goods and raw materials from third-party manufacturers. The Company outsources manufacturing of subscriber equipment to a third-party manufacturer and purchases accessories from third-party suppliers. The Company's cost of inventory includes freight and an allocation of overhead, including payroll and payroll-related costs of employees directly involved in bringing inventory to its existing condition. Inventories are valued using the average cost method and are carried at the lower of cost or net realizable value.

The Company has a manufacturing agreement with Benchmark Electronics Inc. ("Benchmark") to manufacture most of its subscriber equipment. Pursuant to the agreement, the Company may be required to purchase excess materials at cost plus a contractual markup if the materials are not used in production within the periods specified in the agreement. Benchmark will then repurchase such materials from the Company at the same price paid by the Company, as required for the production of subscriber equipment.

The following table summarizes the Company's inventory balances:

	June 30, 2024	December 31, 2023
	(In thousands)	(In thousands)
Finished goods	\$ 47,010	\$ 48,698
Raw materials	39,648	43,599
Inventory valuation reserve	(843)	(1,162)
Total	\$ 85,815	\$ 91,135

Property and Equipment

The Company assesses its long-lived assets for impairment when indicators of impairment are present. During the fourth quarter of 2023, the Company updated its estimate of the satellites' remaining useful lives based on the health of the constellation and related engineering data. As a result, the estimated useful lives of the satellites were extended by five years, from 12.5 years to 17.5 years. This change will result in lower depreciation expense and hosted payload revenue for each of the first three quarters of 2024, compared to the corresponding quarter of the prior year.

Derivative Financial Instruments

The Company uses derivatives to manage its exposure to fluctuating interest rate risk on variable rate debt. Its derivatives are measured at fair value and are recorded on the condensed consolidated balance sheets within other assets and other current liabilities. When the Company's derivatives are designated as cash flow hedges, the effective portion of the changes in fair value of the derivatives are recorded in accumulated other comprehensive income within the Company's condensed consolidated balance sheets and subsequently recognized in earnings when the hedged items impact earnings. Any ineffective portion of a derivative's change in fair value will be recognized in earnings in the same period in which the hedged interest payments affect earnings. Within the condensed consolidated statements of operations and comprehensive income (loss), the gains and losses related to cash flow hedges are recognized within interest income (expense), net, as this is the same financial statement line item used for any gains or losses associated with the hedged items. Cash flows from hedging activities are included in operating activities within the Company's condensed consolidated statements of cash flows, which is the same category as the item being hedged. See [Note 6](#) for further information.

Business Combinations and Goodwill

The purchase price for business combinations is allocated to the assets acquired, including tangible and intangible assets, and assumed liabilities, where applicable, based on their respective fair values at the acquisition date. Acquisition-related costs are expensed as incurred. Goodwill is recorded when the cost of an acquired entity exceeds the amounts assigned to the assets acquired and liabilities assumed. The net assets and results of operations of an acquired entity are included in the Company's consolidated financial statements from the acquisition date. Goodwill is not amortized but is tested for impairment annually or upon the occurrence of certain events.

Other Intangible Assets

The Company's other intangible assets that have finite lives (customer relationships, patents and other intellectual property) are amortized over their useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indicators are present, the Company would test for recoverability by comparing the carrying amount of the asset to the net undiscounted cash flows expected to be generated from the asset.

A portion of the Company's other intangible assets are spectrum, regulatory authorizations, and trade names, which are indefinite-lived. The Company reevaluates the useful life determination for these assets each reporting period to determine whether events and circumstances continue to support an indefinite useful life. Indefinite-lived intangible assets are not amortized and are instead tested for impairment annually, or upon the occurrence of certain events.

3. Cash and Cash Equivalents

Cash and Cash Equivalents

The following table presents the Company's cash and cash equivalents:

	June 30, 2024	December 31, 2023	Recurring Fair Value Measurement
	(In thousands)		
Cash and cash equivalents:			
Cash	\$ 17,637	\$ 32,526	
Money market funds	45,904	39,344	Level 2
Total cash and cash equivalents	\$ 63,541	\$ 71,870	

4. Intangible Assets and Goodwill

Intangible Assets

The following table presents identifiable intangible assets:

	June 30, 2024			
	Useful Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	(In thousands)			
Indefinite-lived intangible assets:				
Trade names	Indefinite	\$ 21,195	\$ —	\$ 21,195
Spectrum and licenses	Indefinite	14,030	—	14,030
Total		35,225	—	35,225
Definite-lived intangible assets:				
Intellectual property	20 years	16,439	(11,204)	5,235
Patents	14 - 20 years	587	(189)	398
Customer relationships	12 years	57,000	(2,248)	54,752
Total		74,026	(13,641)	60,385
Total intangible assets		\$ 109,251	\$ (13,641)	\$ 95,610

	December 31, 2023			
	Useful Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
(In thousands)				
Indefinite-lived intangible assets:				
Trade names	Indefinite	\$ 21,195	\$ —	\$ 21,195
Spectrum and licenses	Indefinite	14,030	—	14,030
Total		35,225	—	35,225
Definite-lived intangible assets:				
Intellectual property	20 years	16,439	(10,987)	5,452
Assembled workforce	7 years	5,678	(5,678)	—
Patents	14 - 20 years	587	(169)	418
Total		22,704	(16,834)	5,870
Total intangible assets		\$ 57,929	\$ (16,834)	\$ 41,095

Amortization expense was \$2.4 million and \$0.4 million for the three months ended June 30, 2024 and 2023, respectively, and \$ 2.5 million and \$0.8 million for the six months ended June 30, 2024 and 2023, respectively.

Goodwill

During the six months ended June 30, 2024, the Company acquired Satelles, Inc. (see [Note 11](#)), resulting in a goodwill balance of \$100.3 million as of June 30, 2024. There was no goodwill balance as of December 31, 2023.

5. Debt

Term Loan and Revolving Facility

Pursuant to a credit agreement (as amended to date, the "Credit Agreement"), the Company previously entered into a term loan totaling \$ 1,500.0 million (as so amended and restated, the "Term Loan"), issued at a price equal to 99.75%, and an accompanying \$100.0 million revolving loan (the "Revolving Facility"). The maturity date of the Term Loan is in September 2030. On March 25, 2024, the Company closed on an additional \$125.0 million under its Term Loan, using the proceeds to complete the acquisition of Satelles, Inc. (see [Note 11](#) on April 1, 2024. The additional amount borrowed is fungible with the original \$1,500.0 million and has the same maturity date, interest rate and other terms, but was issued at a price equal to 99.875% of its face value. The Term Loan has been repriced on several occasions, most recently in June 2024, and currently bears interest at an annual rate equal to the Secured Overnight Financing Rate ("SOFR") plus 2.25%, with a 0.75% SOFR floor. The Company typically selects a one-month interest period, with the result that interest is calculated using one-month SOFR. Interest is paid monthly on the last business day of the month. Principal payments, payable quarterly, are equal to approximately \$16.3 million per annum (one percent of the full principal amount of the Term Loan following the March 2024 increase), with the remaining principal due upon maturity.

As of June 30, 2024 and December 31, 2023, the Company had an aggregate borrowings of \$ 1,616.9 million and \$1,500.0 million, respectively, under the Term Loan. These amounts do not give effect to \$15.9 million and \$17.5 million, respectively, of net unamortized deferred financing costs. The principal balance in borrowings, net of the unamortized deferred financing costs, as of June 30, 2024 and December 31, 2023 amounted to \$1,601.0 million and \$1,482.5 million, respectively. As of June 30, 2024 and December 31, 2023, based upon recent trading prices (Level 2 - market approach), the fair value of the Company's net borrowings under the Term Loan was \$1,615.9 million and \$1,506.6 million, respectively.

In April 2024, the Company drew down \$50.0 million on its Revolving Facility for general corporate purposes, including the funding of repurchases of its common stock. This amount remained outstanding at June 30, 2024, and are included within long-term secured debt, net on the Company's condensed consolidated balance sheet. The Revolving Facility bears interest at an annual rate equal to SOFR plus 2.5% (but without a SOFR floor) if and as drawn, with no original issue discount, and a commitment fee of 0.5% per year on the undrawn amount, which was reduced to 0.375% in the first quarter of 2024 because the Company had a consolidated first lien net leverage ratio (as defined in the Credit Agreement) of less than 3.5 to 1. The Revolving Facility has a maturity date in September 2028.

The Credit Agreement restricts the Company's ability to incur liens, engage in mergers or asset sales, pay dividends, repay subordinated indebtedness, incur indebtedness, make investments and loans, and engage in other transactions as specified in the Credit Agreement. The Credit Agreement provides for specified exceptions, including baskets measured as a percentage of trailing twelve months of earnings before interest, taxes, depreciation and amortization ("EBITDA"), and unlimited exceptions in the case of incurring indebtedness and liens and making investments, dividend payments, and payments of subordinated indebtedness, based on achievement and maintenance of specified leverage ratios. The Credit Agreement also contains an annual mandatory prepayment sweep mechanism with respect to a portion of the Company's excess cash flow (as defined in the Credit Agreement) in the event the Company's net leverage ratio rises above 3.5 to 1. As of December 31, 2023, the Company

was below the specified leverage ratio, and a mandatory prepayment sweep was therefore not required. The Credit Agreement permits repayment, prepayment, and repricing transactions.

The Credit Agreement contains no financial maintenance covenants with respect to the Term Loan. With respect to the Revolving Facility, the Credit Agreement requires the Company to maintain a consolidated first lien net leverage ratio (as defined in the Credit Agreement) of no greater than 6.25 to 1 if more than 35% of the Revolving Facility has been drawn, which was the case as of June 30, 2024. The Credit Agreement contains other customary representations and warranties, affirmative and negative covenants, and events of default. The Company was in compliance with all financial covenants as of June 30, 2024.

Interest on Debt

Total interest incurred includes amortization of deferred financing fees and capitalized interest. The Company incurred third-party financing costs of \$ 1.6 million in connection with the expansion of the Term Loan in March 2024 and \$1.9 million related to the repricing of the Term Loan in June 2024, substantially all of which were expensed. The amounts expensed are included within interest expense on the condensed consolidated statements of operations and comprehensive income (loss). The following table presents the interest and amortization of deferred financing fees related to the Term Loan:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)		(In thousands)	
Total interest incurred	\$ 26,121	\$ 21,971	\$ 49,306	\$ 43,307
Amortization of deferred financing fees	\$ 638	\$ 1,130	\$ 1,261	\$ 2,240
Capitalized interest	\$ 1,190	\$ 1,396	\$ 2,248	\$ 2,726

As of June 30, 2024 and December 31, 2023, accrued interest on the Term Loan was \$ 1.1 million and \$1.0 million, respectively.

6. Derivative Financial Instruments

The Company is exposed to interest rate fluctuations related to the Term Loan. The Company has reduced its exposure to fluctuations in the cash flows associated with changes in the variable interest rate by entering into offsetting positions through the use of interest rate hedges. This will reduce the negative impact of increases in the variable rate over the term of the derivative contracts. These contracts are not used for trading or other speculative purposes. Historically, the Company has not incurred, and does not expect to incur in the future, any losses as a result of counterparty default.

Interest Rate Cap

In July 2021, the Company entered into an interest rate cap contract (the "Cap"), which had an effective date of December 2021. The Cap manages the Company's exposure to interest rate movements on a portion of the Term Loan through November 2026. The Cap, as modified to date, currently provides the Company with the right to receive payment from the counterparty if one-month SOFR exceeds 1.436%. The Company pays a fixed monthly premium based on an annual rate of 0.31% for the Cap. The Cap carried a notional amount of \$ 1.0 billion as of June 30, 2024 and December 31, 2023.

The Cap, which was not affected by the expansion of the Term Loan in March 2024 or the repricing of the Term Loan in June 2024, is designed to mirror the terms of the Term Loan and to offset the cash flows being hedged. The Company designated the Cap as a cash flow hedge of the variability of the SOFR-based interest payments on the Term Loan. The effective portion of the Cap's change in fair value is recorded in accumulated other comprehensive income. Any ineffective portion of the Cap's change in fair value will be recorded in current earnings as interest expense.

Hedge effectiveness of the current interest rate cap contract is based on a long-haul hypothetical derivative methodology and includes all changes in value. The Company formally assesses, both at the hedge's inception and on an ongoing quarterly basis, whether the designated derivative instruments are highly effective in offsetting changes in the cash flows of the hedged items. When the hedging instrument is sold, expires, is terminated, is exercised, no longer qualifies for hedge accounting, is de-designated, or is no longer probable, hedge accounting is discontinued prospectively.

Fair Value of Derivative Instruments

As of June 30, 2024 and December 31, 2023, the Company had an asset balance of \$ 67.7 million and \$66.5 million, respectively, for the fair value of the Cap and a liability balance of \$7.0 million and \$8.4 million, respectively, for the fair value of the Cap premium. Both the Cap and the Cap premium are recorded net within other assets on the condensed consolidated balance sheet.

During each of the three and six months ended June 30, 2024 and June 30, 2023, the Company collectively incurred \$ 0.8 million and \$1.6 million, respectively, in interest expense for the Cap premium. Interest expense was reduced by \$9.8 million

and \$9.0 million for the three months ended June 30, 2024 and 2023, respectively, and \$ 19.7 million and \$16.7 million for the six months ended June 30, 2024 and 2023, respectively, for payments received related to the Cap.

Gains and losses resulting from fair value adjustments to the Cap are recorded within accumulated other comprehensive income within the Company's condensed consolidated balance sheets and reclassified to interest expense on the dates that interest payments become due. Cash flows related to the derivative contracts are included in cash flows from operating activities on the condensed consolidated statements of cash flows. Over the next 12 months, the Company expects any gains or losses for cash flow hedges amortized from accumulated other comprehensive income into earnings to have an immaterial impact on the Company's consolidated financial statements.

The following table presents the amount of unrealized gain or loss and related tax impact associated with the Cap that the Company recorded in its condensed consolidated statements of operations and comprehensive income (loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)		(In thousands)	
Unrealized gain (loss), net of tax	\$ (4,850)	\$ 10,061	\$ 1,883	\$ 405
Tax benefit (expense)	\$ 1,483	\$ (3,076)	\$ (863)	\$ (140)

7. Equity Transactions

Preferred Stock

The Company is authorized to issue 2.0 million shares of preferred stock with a par value of \$ 0.0001 per share. The Company previously issued 1.5 million shares of preferred stock, all of which have converted to common stock. The remaining 0.5 million authorized shares of preferred stock remain undesignated and unissued. As of June 30, 2024 and December 31, 2023, there were no outstanding shares of preferred stock, as all previously designated and issued preferred stock was converted into common stock in prior periods.

Dividends

Stockholders are entitled to receive, when and if declared by the Company's Board of Directors from time to time, dividends and other distributions in cash, stock or property from the Company's assets or funds legally and contractually available for such purposes. In December 2022, the Company's Board of Directors initiated a quarterly dividend. The Company paid dividends of \$0.13 and \$0.14 per share of common stock on March 28, 2024 and June 28, 2024, respectively, resulting in total payments to stockholders of \$32.8 million for the six months ended June 30, 2024. Dividend payments for the six months ended June 30, 2023 totaled \$32.7 million. The Company's liability related to dividends payable on common shares underlying unvested RSUs was \$ 2.0 million and \$1.3 million as of June 30, 2024 and December 31, 2023, respectively.

Share Repurchase Program

Since February 2021, the Company's Board of Directors has authorized the repurchase of up to an aggregate of \$ 1,000.0 million of the Company's common stock through December 31, 2025. This timeframe can be extended or shortened by the Board of Directors. Repurchases may be made from time to time on the open market at prevailing prices or in negotiated transactions off the market. The Company records share repurchases at cost, which includes broker commissions and related excise taxes. All shares are immediately retired upon repurchase in accordance with the board-approved policy. When treasury shares are retired, the Company's policy is to allocate the excess of the repurchase price over the par value of shares acquired first, to additional paid-in capital, and then to retained earnings/accumulated deficit. The portion to be allocated to additional paid-in capital is calculated by applying a percentage, determined by dividing the number of shares to be retired by the number of shares outstanding, to the balance of additional paid-in capital as of the date of retirement.

During the three and six months ended June 30, 2024, the Company repurchased and subsequently retired 3.3 million and 5.1 million shares of its common stock, respectively, for a total purchase price of \$96.6 million and \$153.3 million, respectively. During the three and six months ended June 30, 2024, the Company incurred \$0.9 million and \$1.5 million, respectively, of related taxes, which are not included in the total purchase price.

The Company repurchased and subsequently retired 1.1 million and 2.0 million shares of its common stock during the three and six months ended June 30, 2023, respectively, for a total purchase price of \$66.1 million and \$119.2 million, respectively, exclusive of \$0.5 million of related taxes.

As of June 30, 2024, \$180.8 million remained available and authorized for repurchase under this program.

8. Revenue

The following table summarizes the Company's services revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)		(In thousands)	
Commercial services revenue:				
Voice and data	\$ 56,455	\$ 54,957	\$ 111,432	\$ 107,405
IoT data	41,609	34,561	81,064	66,511
Broadband	13,478	14,028	27,170	27,476
Hosted payload and other data	14,425	15,096	28,378	30,099
Total commercial services revenue	125,967	118,642	248,044	231,491
Government services revenue	26,500	26,500	53,000	53,000
Total services revenue	\$ 152,467	\$ 145,142	\$ 301,044	\$ 284,491

The following table summarizes the Company's engineering and support services revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)		(In thousands)	
Commercial				
Commercial	\$ 1,520	\$ 1,737	\$ 2,673	\$ 7,423
Government	24,298	18,853	53,553	37,415
Total engineering and support services revenue	\$ 25,818	\$ 20,590	\$ 56,226	\$ 44,838

Approximately 40% and 46% of the Company's accounts receivable balance at June 30, 2024 and December 31, 2023, respectively, was due from prime contracts or subcontracts with agencies of the U.S. government.

The Company's contracts with customers generally do not contain performance obligations with terms in excess of one year. As such, the Company does not disclose details related to the value of performance obligations that are unsatisfied as of the end of the reporting period. The total value of any performance obligations that extend beyond one year is immaterial to the financial statements.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and deferred revenue (contract liabilities) on the condensed consolidated balance sheets. The Company bills amounts under its agreed-upon contractual terms at periodic intervals (for services), upon shipment (for equipment), or upon achievement of contractual milestones or as work progresses (for engineering and support services).

Billing may occur subsequent to revenue recognition, resulting in unbilled accounts receivable (contract assets). The Company may also receive payments from customers before revenue is recognized, resulting in deferred revenue (contract liabilities). The Company recognized revenue that was previously recorded as deferred revenue in the amounts of \$7.8 million and \$7.5 million for the three months ended June 30, 2024 and 2023, respectively, and \$ 19.2 million and \$21.8 million for the six months ended June 30, 2024 and 2023, respectively.

The Company has also recorded costs of obtaining contracts expected to be recovered in prepaid expenses and other current assets (contract assets or commissions), that are not separately disclosed on the condensed consolidated balance sheets. The commissions are recognized over the estimated usage period. The following table presents contract assets not separately disclosed:

	June 30, 2024		December 31, 2023		
	(In thousands)				
Contract Assets:					
Commissions	\$ 1,102	\$ 1,114			
Other contract costs	\$ 1,884	\$ 1,970			

9. Leases

Lessor Arrangements

Operating leases in which the Company is a lessor consist primarily of hosting agreements with Aireon LLC ("Aireon") (see [Note 13](#)) and L3Harris Technologies, Inc. ("L3Harris") for space on the Company's satellites. These agreements provide for a fee that will be recognized over the estimated useful lives of the satellites, currently estimated to be approximately 17.5 years from their respective in-service dates. Lease income related to these agreements was \$ 3.1 million and \$5.3 million for the three months ended June 30, 2024 and 2023, respectively, and \$ 6.2 million and \$10.7 million for the six months ended June 30,

2024 and 2023, respectively. The decrease for the quarter ended June 30, 2024 as compared to June 30, 2023 was due to the change in estimated useful life of the satellites made in the fourth quarter of 2023. Lease income is recorded as hosted payload and other data service revenue within service revenue on the Company's condensed consolidated statements of operations and comprehensive income (loss).

Aireon has made payments to the Company pursuant to its hosting agreement, and the Company expects Aireon will continue to do so. L3Harris has prepaid all amounts owed to the Company pursuant to its hosting arrangement. The following table presents future income with respect to the Company's operating leases in which it is the lessor existing at June 30, 2024, exclusive of the \$6.2 million recognized during the six months ended June 30, 2024, by year and in the aggregate:

Year Ending December 31,	Amount
	(In thousands)
2024	\$ 6,195
2025	12,391
2026	12,391
2027	12,391
2028	12,391
Thereafter	82,106
Total lease income	\$ 137,865

10. Stock-Based Compensation

In May 2023, the Company's stockholders approved the amendment and restatement of the Company's 2015 Equity Incentive Plan (as so amended and restated, the "Amended 2015 Plan"). As of June 30, 2024, the remaining aggregate number of shares available for future grants under the Amended 2015 Plan was 8,726,346. The Amended 2015 Plan provides for the grant of stock-based awards, including nonqualified stock options, incentive stock options, restricted stock, restricted stock units ("RSUs"), stock appreciation rights and other equity securities to employees, consultants and non-employee directors of the Company and its affiliated entities. The number of shares of common stock available for issuance under the Amended 2015 Plan is reduced by (i) one share for each share of common stock issued pursuant to an appreciation award, such as a stock option or stock appreciation right with an exercise or strike price of at least 100% of the fair market value of the underlying common stock on the date of grant, and (ii) 1.8 shares for each share of common stock issued pursuant to any stock award that is not an appreciation award, also known as a "full value award." The Amended 2015 Plan allows the Company to utilize a broad array of equity incentives and performance cash incentives in order to secure and retain the services of its employees, directors and consultants, and to provide long-term incentives that align the interests of its employees, directors and consultants with the interests of the Company's stockholders. The Company accounts for stock-based compensation at fair value.

Restricted Stock Units

Beginning in March 2024, the RSUs granted to employees for service generally vest over three years, with 34% vesting on the first anniversary of the grant date and the remainder vesting ratably on a quarterly basis thereafter, subject to continued employment. RSUs granted prior to March 2024 generally vest over four years, with 25% vesting on the first anniversary of the grant date and the remainder vesting ratably on a quarterly basis thereafter, subject to continued employment. Some RSUs granted to employees for performance vest upon the completion of defined performance goals, subject to continued employment. The RSUs granted to non-employee members of the Board of Directors generally vest in full on the first anniversary of the grant date. The RSUs granted to non-employee consultants generally vest 50% on the first anniversary of the grant date, with the remaining 50% vesting quarterly thereafter through the second anniversary of the grant date.

The Company's RSUs are classified as equity awards because the RSUs will be settled in the Company's common stock upon vesting. The fair value of the RSUs is determined based on the closing price of the Company's common stock on the date of grant. The related compensation expense as of the grant date is then recognized over the service period, or shorter periods based on the retirement eligibility of grantees, based on the number of shares expected to vest. The fair value of the awards is not remeasured at the end of each reporting period. RSUs do not carry voting rights until they are vested, although certain unvested RSUs are entitled to accrue dividend equivalent rights, and shares (including additional shares issuable upon satisfaction of any accrued dividend equivalent rights) are issued upon settlement in accordance with the terms of the award.

RSU Summary

The following tables summarize the Company's RSU activity:

	Shares Underlying RSUs	Weighted- Average Grant Date Fair Value Per RSU
	(In thousands)	
Outstanding at December 31, 2023	2,795	\$ 40.24
Granted	2,361	30.31
Forfeited	(33)	40.42
Released	(779)	49.62
Outstanding at June 30, 2024	<u>4,344</u>	<u>\$ 33.15</u>
Vested and unreleased at June 30, 2024 ⁽¹⁾	<u>684</u>	

	Shares Underlying RSUs	Weighted- Average Grant Date Fair Value Per RSU
	(In thousands)	
Outstanding at December 31, 2022	2,970	\$ 31.60
Granted	1,055	59.57
Forfeited	(32)	42.89
Released	(793)	36.88
Outstanding at June 30, 2023	<u>3,200</u>	<u>\$ 39.38</u>
Vested and unreleased at June 30, 2023 ⁽¹⁾	<u>793</u>	

⁽¹⁾ These RSUs were granted to the Company's Board of Directors as a part of their compensation for board and committee service and had vested but had not yet settled, meaning that the underlying shares of common stock had not been issued and released.

Service-Based RSUs

The majority of the annual compensation the Company provides to non-employee members of its Board of Directors is paid in the form of RSUs. Some members of the Company's Board of Directors may elect to receive the remainder of their annual compensation, or a portion thereof, in the form of RSUs. An aggregate amount of approximately 54,000 and 47,000 service-based RSUs were granted to the non-employee members of the Company's Board of Directors as a result of these payments and elections during the six months ended June 30, 2024 and 2023, respectively, with an estimated grant date fair value of \$2.1 million and \$2.4 million, respectively.

During the six months ended June 30, 2024 and 2023, the Company granted approximately 1,446,000 and 626,000 service-based RSUs, respectively, to its employees, with an estimated aggregate grant date fair value of \$43.1 million and \$37.9 million, respectively.

Performance-Based RSUs

In March 2024 and 2023, the Company granted approximately 461,000 and 193,000 annual incentive, performance-based RSUs, respectively, to the Company's executives and employees (the "Bonus RSUs"), with an estimated grant date fair value of \$13.7 million and \$11.9 million, respectively. Vesting of the Bonus RSUs is dependent upon the Company's achievement of defined performance goals over the respective fiscal year. The Company records stock-based compensation expense related to performance-based RSUs when it is considered probable that the performance conditions will be met. Management believes it is probable that substantially all of the 2024 Bonus RSUs will vest. The level of achievement, if any, of performance goals will be determined by the compensation committee of the Company's Board of Directors and, if such goals are achieved, the 2024 Bonus RSUs will vest, subject to continued employment, in March 2025. Substantially all of the 2023 Bonus RSUs vested in March 2024 upon the determination of the level of achievement of the performance goals.

Additionally, during the six months ended June 30, 2024 and 2023, the Company granted approximately 303,000 and 134,000 long-term, performance-based RSUs, respectively, to the Company's executives (the "Executive RSUs"). The estimated aggregate grant date fair value of the Executive RSU grants was \$9.0 million and \$8.2 million during the six months ended June 30, 2024 and 2023, respectively. Vesting of the Executive RSUs is dependent upon the Company's achievement of defined performance goals over a two-year period. The vesting of the March 2023 Executive RSUs will ultimately range from 0% to

150% of the number of shares underlying the Executive RSUs granted, and the vesting of the March 2024 Executive RSUs will ultimately range from 0% to 200% of the number of shares underlying the Executive RSUs granted, in each case based on the level of achievement of the performance goals. If the Company achieves the performance goals, 50% of the number of Executive RSUs earned based on performance will vest on the second anniversary of the grant date, and the remaining 50% will vest on the third anniversary of the grant date, in each case subject to the executive's continued service as of the vesting date, which may be accelerated based on the retirement eligibility of grantees. During March 2024 and 2023, the Company awarded approximately 83,000 and 55,000 additional shares, respectively, related to long-term, performance-based RSUs granted to the Company's executives in 2022 and 2021, respectively, for over-achievement of performance targets for the performance periods ended December 31, 2023 and 2022, respectively.

Stock Option Awards

Stock option awards granted to employees generally (i) have a term of ten years, (ii) vest over four years with 25% vesting after the first year of service and the remainder vesting ratably on a quarterly basis thereafter, (iii) are contingent upon employment on the vesting date, and (iv) have an exercise price equal to the fair market value of the underlying shares at the date of grant. The fair value of stock options was determined at the grant date using the Black-Scholes option pricing model.

Option Summary

A summary of the activity of the Company's stock options is as follows:

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Weighted-Average Aggregate Intrinsic Value
(In thousands, except years and per share data)				
Options outstanding at December 31, 2023	676	\$ 11.55	2.39	\$ 20,036
Exercised	(273)	9.54		\$ 5,097
Options outstanding and exercisable at June 30, 2024	<u>403</u>	<u>\$ 12.92</u>	<u>2.48</u>	<u>\$ 5,530</u>

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Weighted-Average Aggregate Intrinsic Value
(In thousands, except years and per share data)				
Options outstanding at December 31, 2022	1,185	\$ 9.97	2.64	\$ 49,094
Cancelled or expired	(4)	10.25		
Exercised	(479)	7.67		\$ 26,151
Options outstanding and exercisable at June 30, 2023	<u>702</u>	<u>\$ 11.53</u>	<u>2.91</u>	<u>\$ 35,534</u>

11. Acquisition of Satelles

On April 1, 2024, the Company closed its acquisition of Satelles, Inc., a provider of satellite-based time and location services that complement and protect GPS and other GNSS systems. This acquisition is intended to support the Company's long-term business objectives. Subject to the terms and conditions of the merger agreement underlying the transaction, Satelles was merged with a subsidiary of the Company, with Satelles as the surviving entity, now a direct and indirect wholly owned subsidiary of the Company. The acquisition date fair value of the consideration paid to acquire the remaining 80.5% of the outstanding shares and voting interest of Satelles that was not previously owned by the Company was approximately \$125.5 million. The purchase price allocation, including valuation of intangible assets, is preliminary.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

	April 1, 2024	
	Fair Value (In thousands)	Useful Life
Cash	\$ 14,738	
Other current assets	1,901	
Customer relationships	57,000	12 years
Other noncurrent assets	5,041	
Goodwill	<u>100,333</u>	
Total identifiable assets acquired	179,013	
Liabilities assumed	(13,821)	
Net identifiable assets acquired	<u>\$ 165,192</u>	

The customer relationships recognized were determined to have an economic life of 12 years. The Company will amortize the customer relationships over their useful lives, utilizing the economic benefit model. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of Satelles. None of the goodwill is expected to be deductible for income tax purposes. As of June 30, 2024, there were no changes in the recognized amounts of goodwill resulting from the acquisition of Satelles.

The Company incurred \$2.4 million of acquisition related costs that were expensed in the six months ended June 30, 2024. These costs are included within selling, general, and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss).

The amounts of revenue and earnings of Satelles included in the Company's condensed consolidated statements of operations and comprehensive income (loss), excluding the impact of the Company's remeasurement of its prior equity interest in Satelles, from the acquisition date to June 30, 2024 are as follows:

	Three Months Ended June 30, 2024	
	(In thousands)	
Revenue	\$ 2,670	
Net income (loss)	(4,793)	

The following unaudited pro forma data summarizes the results of operations for the periods indicated as if the acquisition of Satelles had been completed as of the beginning of the comparable prior annual reporting period. The unaudited pro forma data gives effect to actual operating results prior to the acquisition, adjusted to include the pro forma effect of amortization of intangibles and the elimination of intercompany sales and acquisition costs. These pro forma amounts are not intended to be indicative of the results that would have actually been obtained if the acquisition had occurred as of the beginning of the comparable prior annual reporting period or that may be obtained in the future.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)		(In thousands)	
Revenue	\$ 201,067	\$ 195,466	\$ 406,792	\$ 403,406
Net income (loss)	14,222	(35,179)	26,215	(17,325)

Prior to the acquisition date, the Company accounted for its 19.5% interest in Satelles as an equity-method investment. The acquisition-date fair value of the previous equity interest was \$39.7 million and is included in the measurement of the consideration transferred. The Company recognized a gain of \$ 19.8 million as a result of remeasuring its prior equity interest in Satelles held before the business combination. The gain is included within gain (loss) from equity method investments in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2024.

12. Income Taxes

Income before income taxes and gain on equity method investments was \$ 19.2 million and \$48.4 million for the three and six months ended June 30, 2024, respectively, while the income tax expense was \$4.6 million and \$12.5 million for the three and six months ended June 30, 2024, respectively. The effective tax rate was 23.8% and 25.8% for the three and six months ended

June 30, 2024, respectively, which differed from the federal statutory rate of 21%, primarily due to the discrete tax expense associated with stock compensation and nondeductible executive compensation, which was partially offset by the deduction for foreign derived intangible income.

Loss before income taxes and loss on equity method investments was \$ 34.3 million and \$28.8 million for the three and six months ended June 30, 2023, respectively, while the income tax benefit was \$5.2 million and \$10.7 million for the three and six months ended June 30, 2023, respectively. The effective tax rate was 15.2% and 37.0% for the three and six months ended June 30, 2023, respectively, which differed from the federal statutory rate of 21%, primarily due to tax expense associated with nondeductible executive compensation and non-creditable foreign taxes, which was partially offset by U.S. tax credits and a discrete tax benefit associated with stock compensation.

13. Related Party Transactions

Aireon LLC and Aireon Holdings LLC

The Company's satellite constellation hosts the Aireon® system. The Aireon system was developed by Aireon LLC, which the Company formed in 2011, and which received subsequent investments from several air navigation service providers ("ANSPs") to provide a global air traffic surveillance service through a series of automatic dependent surveillance-broadcast ("ADS-B") receivers on the Company's satellites. Aireon has contracted to offer this service to ANSPs, which use the service to provide improved air traffic control services over the oceans, as well as polar and remote regions. Aireon also markets its data and services to airlines and other commercial users. The Company and the other Aireon investors hold their interests in Aireon Holdings LLC ("Aireon Holdings") through an amended and restated LLC agreement ("Aireon Holdings LLC Agreement"). Aireon Holdings holds 100% of the membership interests in Aireon, which is the operating entity.

In June 2022, the Company entered into a subscription agreement with Aireon Holdings and invested \$ 50.0 million for a preferred membership interest of approximately 6% preferred membership interest. The Company's investment in Aireon Holdings is accounted for as an equity method investment. The carrying value of the Company's investment in Aireon was \$42.8 million and \$44.6 million as of June 30, 2024 and December 31, 2023, respectively. The investments made by the Company in Aireon Holdings prior to June 2022 had previously been written down to a carrying value of zero.

At each of June 30, 2024 and December 31, 2023, the Company's fully diluted ownership stake in Aireon Holdings was approximately 39.5%, which is subject to partial future redemption under provisions contained in the Aireon Holdings LLC Agreement.

Under the agreements with Aireon, Aireon will pay the Company fees of \$ 200.0 million to host the ADS-B receivers, of which \$ 102.5 million had been paid as of June 30, 2024. These fees are recognized over the estimated useful life of the Company's satellites, which is expected to result in revenue of approximately \$9.3 million per year, following the change in estimate of the useful lives of the satellites that occurred in the fourth quarter of 2023. The Company recognized \$2.3 million and \$4.0 million of hosting fee revenue for the three months ended June 30, 2024 and 2023, respectively, and \$ 4.6 million and \$8.0 million for the six months ended June 30, 2024 and 2023, respectively. Deferred hosting fee revenue totaled \$5.4 million as of June 30, 2024.

Additionally, Aireon pays power and data services fees of approximately \$ 23.5 million per year, in the aggregate for the delivery of air traffic surveillance data over the Iridium® system. The Company recorded \$5.9 million of power and data service fee revenue from Aireon for each of the three months ended June 30, 2024 and 2023, and \$11.7 million for each of the six months ended June 30, 2024 and 2023.

Under two services agreements, the Company also provides Aireon with administrative services and support services, the fees for which are paid monthly. Aireon receivables due to the Company under these two agreements totaled \$2.1 million and \$2.2 million as of June 30, 2024 and December 31, 2023, respectively.

The Company and the other Aireon investors have agreed to participate pro-rata, based on their fully diluted ownership stakes, in funding an investor bridge loan to Aireon. The Company's maximum funding commitment for the bridge loan is \$11.9 million. No bridge loan amounts were outstanding as of June 30, 2024 or December 31, 2023.

14. Net Income (Loss) Per Share

The Company calculates basic net income (loss) per share by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. In periods of net income, diluted net income per share takes into account the effect of potentially dilutive common shares when the effect is dilutive. Potentially dilutive common shares include (i) shares of common stock issuable upon exercise of outstanding stock options and (ii) contingently issuable RSUs that are convertible into shares of common stock upon achievement of certain service and performance requirements. The effect of potentially dilutive common shares is computed using the treasury stock method.

The following table summarizes the computations of basic and diluted net income (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands, except per share data)			
Numerator:				
Net income (loss) - basic and diluted	\$ 32,336	\$ (30,741)	51,989	(20,966)
Denominator:				
Weighted average common shares — basic	120,612	126,239	121,877	126,569
Dilutive effect of stock options	207	—	271	—
Dilutive effect of RSUs	423	—	555	—
Weighted average common shares — diluted	<u>121,242</u>	<u>126,239</u>	<u>122,703</u>	<u>126,569</u>
Net income (loss) per share - basic	\$ 0.27	\$ (0.24)	\$ 0.43	\$ (0.17)
Net income (loss) per share - diluted	\$ 0.27	\$ (0.24)	\$ 0.42	\$ (0.17)

The following table presents the incremental number of shares underlying stock options and RSUs outstanding with anti-dilutive effects:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)		(In thousands)	
Performance-based RSUs	—	82	—	202
Service-based RSUs	—	620	—	676
Stock options	—	491	—	594

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 15, 2024 with the Securities and Exchange Commission, or the SEC, as well as our condensed consolidated financial statements included in this Form 10-Q.

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Such forward-looking statements include those that express plans, anticipation, intent, contingencies, goals, targets or future development or otherwise are not statements of historical fact. Without limiting the foregoing, the words "believe," "anticipate," "plan," "expect," "intend" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on our current expectations and projections about future events, and they are subject to risks and uncertainties, known and unknown, that could cause actual results and developments to differ materially from those expressed or implied in such statements. The important factors described under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 15, 2024, could cause actual results to differ materially from those indicated by forward-looking statements made herein. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview of Our Business

We are engaged primarily in providing mobile voice and data communications services using a constellation of orbiting satellites. We are the only commercial provider of communications services offering true global coverage, connecting people, organizations and assets to and from anywhere, in real time. Our low-earth orbit, L-band satellite network provides reliable, weather-resilient communications services to regions of the world where terrestrial wireless or wireline networks do not exist or are limited, including remote land areas, open ocean, airways, the polar regions and regions where the telecommunications infrastructure has been affected by political conflicts or natural disasters.

We provide voice and data communications services to businesses, the U.S. and foreign governments, non-governmental organizations and consumers via our satellite network, which has an architecture of 66 operational satellites with in-orbit spares and related ground infrastructure. We utilize an interlinked mesh architecture to route traffic across the satellite constellation using radio frequency crosslinks between satellites. This unique architecture minimizes the need for ground facilities to support the constellation, which facilitates the global reach of our services and allows us to offer services in countries and regions where we have no physical presence.

On April 1, 2024, we completed our acquisition of Satelles, Inc., or Satelles, a provider of satellite-based time and location services that complement and protect GPS and other GNSS systems. This acquisition is intended to support our long-term business objectives.

We sell our products and services to commercial end-users through a wholesale distribution network, encompassing approximately 110 service providers, 305 value-added resellers, or VARs, and 85 value-added manufacturers, or VAMs, who either sell directly to the end user or indirectly through other service providers, VARs or dealers. These distributors often integrate our products and services with other complementary hardware and software and have developed a broad suite of applications using our products and services targeting specific lines of business.

At June 30, 2024, we had approximately 2,413,000 billable subscribers worldwide, an increase of 273,000, or 13%, from approximately 2,140,000 billable subscribers as of June 30, 2023. We have a diverse customer base, with end users in land mobile, Internet of Things, or IoT, maritime, aviation and government.

Material Trends and Uncertainties

Our industry and customer base have historically grown as a result of:

- demand for remote and reliable mobile communications services;
- a growing number of new products and services and related applications;
- a broad wholesale distribution network with access to diverse and geographically dispersed niche markets;
- increased demand for communications services by disaster and relief agencies, and emergency first responders;
- improved data transmission speeds for mobile satellite service offerings;
- regulatory mandates requiring the use of mobile satellite services;
- a general reduction in prices of mobile satellite services and subscriber equipment; and
- geographic market expansion through the ability to offer our services in additional countries.

Nonetheless, we face a number of challenges and uncertainties in operating our business, including:

- our ability to maintain the health, capacity, control and level of service of our satellites;
- our ability to develop and launch new and innovative products and services;
- changes in general economic, business and industry conditions, including the effects of currency exchange rates;
- our reliance on a single primary commercial gateway and a primary satellite network operations center;
- competition from other mobile satellite service providers and, to a lesser extent, from the expansion of terrestrial-based cellular phone systems and related pricing pressures;
- market acceptance of our products;
- regulatory requirements in existing and new geographic markets;
- challenges associated with global operations, including as a result of conflicts in or affecting markets in which we operate;
- rapid and significant technological changes in the telecommunications industry;
- our ability to generate sufficient internal cash flows to repay our debt;
- reliance on our wholesale distribution network to market and sell our products, services and applications effectively;
- reliance on a global supply chain, including single-source suppliers for the manufacture of most of our subscriber equipment and for some of the components required in the manufacture of our end-user subscriber equipment and our ability to purchase component parts that are periodically subject to shortages resulting from surges in demand, natural disasters or other events, including a global pandemic; and
- reliance on a few significant customers, particularly agencies of the U.S. government, for a substantial portion of our revenue, as a result of which the loss or decline in business with any of these customers may negatively impact our revenue and collectability of related accounts receivable.

Comparison of Our Results of Operations for the Three Months Ended June 30, 2024 and 2023

(\$ in thousands)	Three Months Ended June 30,				Change	
	2024	% of Total Revenue	2023	% of Total Revenue		
	Dollars	Percent				
Revenue:						
Services	\$ 152,467	76 %	\$ 145,142	75 %	\$ 7,325	5 %
Subscriber equipment	22,782	11 %	27,376	14 %	(4,594)	(17)%
Engineering and support services	25,818	13 %	20,590	11 %	5,228	25 %
Total revenue	201,067	100 %	193,108	100 %	7,959	4 %
Operating expenses:						
Cost of services (exclusive of depreciation and amortization)	39,464	20 %	35,432	18 %	4,032	11 %
Cost of subscriber equipment	13,946	7 %	16,113	8 %	(2,167)	(13)%
Research and development	6,512	3 %	5,626	3 %	886	16 %
Selling, general and administrative	46,723	23 %	37,339	19 %	9,384	25 %
Depreciation and amortization	50,776	25 %	114,569	60 %	(63,793)	(56)%
Total operating expenses	157,421	78 %	209,079	108 %	(51,658)	(25)%
Operating income (loss)	43,646	22 %	(15,971)	(8) %	59,617	(373)%
Other income (expense):						
Interest expense, net	(23,797)	(12) %	(18,723)	(10) %	(5,074)	27 %
Other income (expense), net	(646)	— %	419	— %	(1,065)	(254)%
Total other expense, net	(24,443)	(12) %	(18,304)	(10) %	(6,139)	34 %
Income (loss) before income taxes and gain (loss) on equity method investments						
Income tax benefit (expense)	(4,565)	(2) %	5,211	3 %	(9,776)	(188)%
Gain (loss) on equity method investments	17,698	9 %	(1,677)	(1) %	19,375	(1,155)%
Net income (loss)	\$ 32,336	17 %	\$ (30,741)	(16) %	\$ 63,077	(205)%

Revenue

Commercial Service Revenue

	Three Months Ended June 30,								Change
	2024			2023					
	Revenue	Billable Subscribers ⁽¹⁾	ARPU ⁽²⁾	Revenue	Billable Subscribers ⁽¹⁾	ARPU ⁽²⁾	Revenue	Billable Subscribers	ARPU
(Revenue in millions and subscribers in thousands)									
Commercial services:									
Voice and data	\$ 56.5	417	\$ 46	\$ 55.0	405	\$ 46	\$ 1.5	12	\$ —
IoT data	41.6	1,837	7.70	34.6	1,578	7.48	7.0	259	0.22
Broadband ⁽³⁾	13.5	16.8	269	14.0	16.1	296	(0.5)	0.7	(27)
Hosted payload and other data	14.4	N/A		15.1	N/A		(0.7)	N/A	
Total commercial services	<u>\$ 126.0</u>	<u>2,271</u>		<u>\$ 118.7</u>	<u>1,999</u>		<u>\$ 7.3</u>	<u>272</u>	

⁽¹⁾ Billable subscriber numbers shown are at the end of the respective period.

⁽²⁾ Average monthly revenue per unit, or ARPU, is calculated by dividing revenue in the respective period by the average of the number of billable subscribers at the beginning of the period and the number of billable subscribers at the end of the period and then dividing the result by the number of months in the period. Billable subscriber and ARPU data is not applicable for hosted payload and other data service revenue items.

⁽³⁾ Commercial broadband service consists of Iridium OpenPort® and Iridium Certus® broadband services.

For the three months ended June 30, 2024, total commercial services revenue increased \$7.3 million, or 6%, from the prior year period primarily as a result of increases in IoT and voice and data service revenue. Commercial IoT revenue increased \$7.0 million, or 20%, for the three months ended June 30, 2024, compared to the same period of the prior year, primarily driven by an 16% increase in billable subscribers, largely due to strength in personal communication devices and a new contract with a large customer executed in the first quarter of 2024. Commercial voice and data revenue increased \$1.5 million, or 3%, for the three months ended June 30, 2024, compared to the same period of the prior year, due primarily to an increase in billable subscribers. These increases were partially offset by a decrease of \$0.7 million, or 4%, in hosted payload and other data service revenue, primarily due to the change in the estimated useful lives of our satellites in the fourth quarter of 2023, offset in part by increases in other data service revenue including Satelles revenue. Increases in commercial services were also offset in part by a decrease of \$0.5 million, or 4%, in commercial broadband revenue, due to a decrease in ARPU reflecting the increased prevalence of usage of the Company's service as a companion service.

Government Service Revenue

	Three Months Ended June 30,								Change	
	2024			2023						
	Revenue	Billable Subscribers ⁽¹⁾	ARPU	Revenue	Billable Subscribers ⁽¹⁾	ARPU	Revenue	Billable Subscribers		
(Revenue in millions and subscribers in thousands)										
Government services	\$ 26.5	142	\$ 26.5	141	\$ —				1	

⁽¹⁾ Billable subscriber numbers shown are at the end of the respective period.

We provide airtime and airtime support to the U.S. government and other authorized customers pursuant to our Enhanced Mobile Satellite Services, or EMSS, contract. Under the terms of this agreement, which we entered into in September 2019, authorized customers utilize specified Iridium airtime services provided through the U.S. government's dedicated gateway. The fee is not based on subscribers or usage, allowing an unlimited number of users access to these services. For the three months ended June 30, 2024, revenue was unchanged from the prior year period, in accordance with the contract.

Subscriber Equipment Revenue

Subscriber equipment revenue decreased by \$4.6 million, or 17%, for the three months ended June 30, 2024, compared to the prior year period, primarily due to a decrease in the volume of handset sales, offset in part by an increase in Short Burst Data® sales including chipsets. As previously disclosed, we expect 2024 equipment sales to be lower than in 2023 and more in line with periods prior to 2022.

Engineering and Support Service Revenue

	Three Months Ended June 30,			(In millions)
	2024	2023	Change	
Commercial engineering and support services	\$ 1.5	\$ 1.7	\$ (0.2)	
Government engineering and support services	24.3	18.9	5.4	
Total engineering and support services	\$ 25.8	\$ 20.6	\$ 5.2	

Engineering and support service revenue increased by \$5.2 million, or 25%, for the three months ended June 30, 2024 compared to the prior year period, primarily due to increased work under certain government contracts, predominantly the contract awarded by the Space Development Agency, or the SDA. Based on the SDA contract, we expect engineering and support service revenue, as well as associated expenses, to be generally higher than in years prior to 2023 throughout the life of the SDA contract.

Operating Expenses

Cost of Services (exclusive of depreciation and amortization)

Cost of services (exclusive of depreciation and amortization) includes the cost of network engineering and operations staff, including contractors, software maintenance, product support services and cost of services for government and commercial engineering and support service revenue.

Cost of services (exclusive of depreciation and amortization) increased by \$4.0 million, or 11%, for the three months ended June 30, 2024 compared to the prior year period, primarily as a result of the increase in work under certain government projects, including the SDA contract, as noted above.

Cost of Subscriber Equipment

Cost of subscriber equipment includes the direct costs of equipment sold, which consist of manufacturing costs, allocation of overhead, and warranty costs.

Cost of subscriber equipment decreased by \$2.2 million, or 13%, for the three months ended June 30, 2024 compared to the prior year period primarily due to the decrease in volume of handset sales, offset in part by an increase in Short Burst Data sales including chipsets, which was in line with the change in equipment revenue for the same period, as described above.

Research and Development

Research and development expenses increased by \$0.9 million, or 16%, for the three months ended June 30, 2024 compared to the prior year period, due to increased spending on device-related features for our network, including Project Stardust, which is our multi-year project to develop standards-based Narrowband-Internet of Things (NB-IoT) and Non-Terrestrial Network (NB-NTN) messaging and SOS capabilities for smartphones, tablets, cars and related consumer applications.

Selling, General and Administrative

Selling, general and administrative expenses that are not directly attributable to the sale of services or products include sales and marketing costs, as well as employee-related expenses (such as salaries, wages, and benefits), legal, finance, information technology, facilities, billing and customer care expenses.

Selling, general and administrative expenses increased by \$9.4 million, or 25%, for the three months ended June 30, 2024 compared to the prior year period, due primarily to higher headcount costs, including equity compensation costs, and costs related to the acquisition of Satelles and certain costs that were previously recorded in cost of services.

Depreciation and Amortization

Depreciation and amortization expense decreased by \$63.8 million, or 56%, for the quarter ended June 30, 2024 compared to the prior year period. In the second quarter of 2023, we wrote-off the full amount remaining in construction-in-progress for our final ground spare satellite, resulting in accelerated depreciation expense of \$37.5 million. In the fourth quarter of 2023, we updated our estimate of the satellites' remaining useful lives based on the health of the constellation, resulting in an extension of the useful lives from 12.5 years to 17.5 years and a reduction of quarterly depreciation expense as compared to periods prior to

the fourth quarter of 2023. As a result of this change in estimate, we expect depreciation expense to be approximately \$83.3 million lower for the full year 2024 as compared to the full year 2023.

Interest Expense, Net

Interest expense, net increased \$5.1 million, or 27%, for the three months ended June 30, 2024, primarily due to the increase in the outstanding debt balance following the additional \$125.0 million in Term Loan in March 2024 and the \$50.0 million draw on the Revolving Facility in April 2024. Additionally, in June 2024, we repriced our Term Loan, reducing the interest rate by 0.25 basis points. In connection with the repricing, we incurred \$1.9 million of fees that have been included in interest expense, net.

Other Income (Expense), net

Other expense, net, was \$0.6 million for the three months ended June 30, 2024, compared to other income, net, of \$0.4 million for the prior year period. The variation was primarily the result of changes in foreign currency exchange rates.

Income Tax Benefit (Expense)

For the three months ended June 30, 2024, our income tax expense was \$4.6 million, compared to income tax benefit of \$5.2 million for the prior year period. The increase in income tax expense is primarily related to the impact of stock compensation tax expense and nondeductible executive compensation plus the increase in pre-tax book income in 2024 compared to 2023.

Gain (Loss) on Equity Method Investments

For the three months ended June 30, 2024, our realized net gain on equity method investments was \$17.7 million, compared to a loss of \$1.7 million in the prior year period. Prior to our acquisition of Satelles in April 2024, we held a 19.5% equity interest in Satelles, which was classified as an equity method investment. Upon the closing of the acquisition, we recorded a gain of \$19.8 million, equal to the difference between the fair value and net book value of the equity method investment. This gain was partially offset by losses on our other equity method investments during the period.

Net Income (Loss)

Net income was \$32.3 million for the three months ended June 30, 2024, compared to a net loss of \$30.7 million for the prior year period. The \$63.1 million increase in net income was primarily the result of the \$63.8 million decrease in depreciation expense, the \$19.8 million gain related to the acquisition of Satelles and the \$8.0 million increase in total revenue, offset in part by the \$12.1 million increase in other operating expenses, \$9.8 million increase in income tax expense and \$5.1 million increase in interest expense.

Comparison of Our Results of Operations for the Six Months Ended June 30, 2024 and 2023

(\$ in thousands)	Six Months Ended June 30,				Change	
	2024	% of Total Revenue	2023	% of Total Revenue		
	Dollars	Percent				
Revenue:						
Services	\$ 301,044	74 %	\$ 284,491	72 %	\$ 16,553	6 %
Subscriber equipment	47,650	12 %	69,052	17 %	(21,402)	(31)%
Engineering and support services	56,226	14 %	44,838	11 %	11,388	25 %
Total revenue	404,920	100 %	398,381	100 %	6,539	2 %
Operating expenses:						
Cost of services (exclusive of depreciation and amortization)	85,913	21 %	72,037	18 %	13,876	19 %
Cost of subscriber equipment	27,826	7 %	43,252	11 %	(15,426)	(36)%
Research and development	13,710	3 %	9,504	2 %	4,206	44 %
Selling, general and administrative	83,534	21 %	76,023	19 %	7,511	10 %
Depreciation and amortization	100,520	25 %	190,388	48 %	(89,868)	(47)%
Total operating expenses	311,503	77 %	391,204	98 %	(79,701)	(20)%
Operating income	93,417	23 %	7,177	2 %	86,240	1,202 %
Other income (expense):						
Interest expense, net	(44,460)	(11) %	(36,613)	(9) %	(7,847)	21 %
Other income (expense), net	(603)	— %	638	— %	(1,241)	(195)%
Total other expense, net	(45,063)	(11) %	(35,975)	(9) %	(9,088)	25 %
Income (loss) before income taxes and gain (loss) on equity method investments	48,354	12 %	(28,798)	(7) %	77,152	(268)%
Income tax benefit (expense)	(12,496)	(3) %	10,664	3 %	(23,160)	(217)%
Gain (loss) on equity method investments	16,131	4 %	(2,832)	(1) %	18,963	(670)%
Net income (loss)	\$ 51,989	13 %	\$ (20,966)	(5) %	\$ 72,955	(348)%

Revenue

Commercial Service Revenue

	Six Months Ended June 30,								Change
	2024			2023					
	Revenue	Billable Subscribers ⁽¹⁾	ARPU ⁽²⁾	Revenue	Billable Subscribers ⁽¹⁾	ARPU ⁽²⁾	Revenue	Billable Subscribers	ARPU
(Revenue in millions and subscribers in thousands)									
Commercial services:									
Voice and data	\$ 111.4	417	\$ 45	\$ 107.4	405	\$ 45	\$ 4.0	12	\$ —
IoT data	81.1	1,837	7.62	66.5	1,578	7.33	14.6	259	0.29
Broadband ⁽³⁾	27.2	16.8	271	27.5	16.1	294	(0.3)	0.7	(23)
Hosted payload and other data	28.4	N/A		30.1	N/A		(1.7)	N/A	
Total commercial services	<u>\$ 248.1</u>	<u>2,271</u>		<u>\$ 231.5</u>	<u>1,999</u>		<u>\$ 16.6</u>	<u>272</u>	

⁽¹⁾ Billable subscriber numbers shown are at the end of the respective period.

⁽²⁾ ARPU is calculated by dividing revenue in the respective period by the average of the number of billable subscribers at the beginning of the period and the number of billable subscribers at the end of the period and then dividing the result by the number of months in the period. Billable subscriber and ARPU data is not applicable for hosted payload and other data service revenue items.

⁽³⁾ Commercial broadband service consists of Iridium OpenPort and Iridium Certus broadband services.

For the six months ended June 30, 2024, total commercial services revenue increased \$16.6 million, or 7%, from the prior year period primarily driven by increases in IoT and voice and data service revenue. Commercial IoT revenue increased \$14.6 million, or 22%, for the six months ended June 30, 2024, compared to the prior year period, driven by a 16% increase in IoT billable subscribers, largely due to strength in personal communication devices and a new contract with a large customer executed in the first quarter of 2024. Commercial voice and data revenue increased \$4.0 million, or 4%, from the prior year period primarily due to an increase in billable subscribers. These increases were offset in part by a decrease of \$1.7 million, or 6%, in hosted payload and other data service revenue compared to the prior year period, primarily due to the change in the estimated useful lives of our satellites in the fourth quarter of 2023, offset in part by increases in other data service revenue including Satelles revenue. Commercial broadband revenue decreased \$0.3 million, or 1%, for the six months ended June 30, 2024, compared to the prior year period, due to a decrease in ARPU reflecting the increased prevalence of usage of the Company's service as a companion service, which also partially offset the increases in IoT and voice and data revenue.

Government Service Revenue

	Six Months Ended June 30,								Change	
	2024			2023						
	Revenue	Billable Subscribers ⁽¹⁾	Revenue	Billable Subscribers ⁽¹⁾	Revenue	Billable Subscribers				
(Revenue in millions and subscribers in thousands)										
Government services	\$ 53.0	142	\$ 53.0	141	\$ —	—			1	

⁽¹⁾ Billable subscriber numbers shown are at the end of the respective period.

We provide airtime and airtime support to the U.S. government and other authorized customers pursuant to our EMSS contract. Under the terms of this agreement, which we entered into in September 2019, authorized customers utilize specified Iridium airtime services provided through the U.S. government's dedicated gateway. The fee is not based on subscribers or usage, allowing an unlimited number of users access to these services. For the six months ended June 30, 2024, revenue was unchanged from the prior year period, in accordance with the EMSS contract.

Subscriber Equipment Revenue

Subscriber equipment revenue decreased \$21.4 million, or 31%, for the six months ended June 30, 2024, compared to the prior year period, primarily due to a decrease in the volume of handset sales, offset in part by an increase in Short Burst Data sales. As previously disclosed, we expect 2024 equipment sales to be lower than in 2023 and more in line with periods prior to 2022.

Engineering and Support Service Revenue

	Six Months Ended June 30,			Change
	2024		2023	
	(In millions)			
Commercial engineering and support services	\$ 2.7	\$ 7.4	\$ (4.7)	
Government engineering and support services	53.5	37.4	16.1	
Total engineering and support services	\$ 56.2	\$ 44.8	\$ 11.4	

Engineering and support service revenue increased \$11.4 million, or 25%, for the six months ended June 30, 2024 compared to the prior year period, primarily due to increased work under certain government projects, including the SDA contract, offset in part by decreases in commercial engineering projects. As noted above, we expect engineering and support service revenue, as well as associated expenses, to be generally higher than in years prior to 2023 throughout the life of the SDA contract.

Operating Expenses

Cost of Services (exclusive of depreciation and amortization)

Cost of services (exclusive of depreciation and amortization) increased by \$13.9 million, or 19%, for the six months ended June 30, 2024, compared to the prior year period primarily as a result of an increase in work under certain government engineering contracts, including the SDA contract, as noted above, and higher satellite operation costs.

Cost of Subscriber Equipment

Cost of subscriber equipment decreased by \$15.4 million, or 36%, for the six months ended June 30, 2024, compared to the prior year period primarily due to the decrease in volume of handset sales, offset in part by an increase in Short Burst Data sales, which was in line with the change and expectations in equipment revenue for the same period, as noted above, and decreased inventory component costs.

Research and Development

Research and development expenses increased by \$4.2 million, or 44%, for the six months ended June 30, 2024, compared to the prior year period, due to increased spending on device-related features for our network, as noted above.

Selling, General and Administrative

Selling, general and administrative expenses increased by \$7.5 million, or 10%, for the six months ended June 30, 2024, compared to the prior year period, primarily due to higher headcount-related expenses, including equity compensation costs, as well as costs related to the acquisition of Satelles and certain costs that were previously recorded in cost of services, offset in part by a decrease in stock appreciation rights expense in the current year resulting from changes in our stock valuation between the years and decreased spending related to our channel partner conference which was held in the first quarter of the prior year.

Depreciation and Amortization

Depreciation and amortization expense decreased by \$89.9 million, or 47%, compared to the prior year period primarily due to the change in the estimate of the useful lives of our satellites in the fourth quarter of 2023. Additionally, we wrote off our remaining ground spare satellite in the second quarter of 2023 following completion of on-orbit testing, which resulted in accelerated depreciation expense of \$37.5 million. No write-offs occurred during the six months ended June 30, 2024.

Other Expense

Interest Expense, Net

Interest expense, net increased \$7.8 million for the six months ended June 30, 2024 compared to the prior year period, primarily due to the increase in the outstanding debt balance following the additional \$125.0 million in Term Loan in March 2024 and the \$50.0 million draw on the Revolving Facility in April 2024. Additionally, in June 2024, we repriced our Term Loan, which reduced the interest rate by 0.25 basis points. In connection with the additional debt and repricing, we incurred \$3.5 million of fees that are included in interest expense, net.

Other Income (Expense), net

Other expense, net, was \$0.6 million for the six months ended June 30, 2024, compared to other income, net, of \$0.6 million for the prior year period. The variation was primarily the result of changes in foreign currency exchange rates.

Income Tax Benefit (Expense)

For the six months ended June 30, 2024, our income tax expense was \$12.5 million, compared to income tax benefit of \$10.7 million for the prior year period. The increase in income tax expense is primarily related to the impact of stock compensation tax expense and nondeductible executive compensation plus the increase in pre-tax book income in 2024 compared to 2023.

Gain (Loss) on Equity Method Investments

For the six months ended June 30, 2024, our gain on equity method investments was \$16.1 million, primarily as a result of the acquisition of Satelles, upon which we recorded a \$19.8 million gain on our previously held equity method investment, as noted above. For the six months ended June 30, 2023, our loss on equity method investments was \$2.8 million, reflecting the portion of losses recorded on equity method investments, including Satelles, during the period.

Net Income (Loss)

Net income was \$52.0 million for the six months ended June 30, 2024, compared to a net loss of \$21.0 million for the prior year period. The \$73.0 million improvement primarily resulted from the \$89.9 million decrease in depreciation expense, the \$19.8 million gain recorded as a result of the acquisition of Satelles and the \$6.5 million increase in total revenue. These improvements were offset in part by the \$23.2 million increase in income tax expense, \$10.2 million increase in other operating expenses and the \$7.8 million increase in interest expense.

Liquidity and Capital Resources

Our primary sources of liquidity are cash provided by operations, cash and cash equivalents and our Revolving Facility. These sources are expected to meet our short-term and long-term liquidity needs for (i) required principal and interest on the Term Loan and Revolving Facility, (ii) capital expenditures, (iii) working capital, (iv) share repurchases under the program authorized by our Board of Directors, and (v) anticipated cash dividend payments to holders of our common stock.

As of June 30, 2024, our total cash and cash equivalents balance was \$63.5 million, down from \$71.9 million as of December 31, 2023. While we took on additional borrowings under the Term Loan and Revolving Facility during the six months ended June 30, 2024, and generated cash flows from operations, we used cash to complete the acquisition of Satelles, repurchased approximately \$154.8 million in our common stock, paid dividends of approximately \$32.8 million, and invested \$27.0 million in capital expenditures during the six months ended June 30, 2024.

Term Loan and Revolving Facility

Pursuant to a credit agreement (as amended to date, the "Credit Agreement"), we previously entered into a term loan totaling \$1,500.0 million (as so amended and restated, the "Term Loan"), issued at a price equal to 99.75%, and an accompanying \$100.0 million revolving loan (the "Revolving Facility"). The maturity date of the Term Loan is in September 2030. On March 25, 2024, we closed on an additional \$125.0 million under our Term Loan, using the proceeds to complete the acquisition of Satelles, Inc. on April 1, 2024. The additional amount borrowed is fungible with the original \$1,500.0 million, and has the same maturity date, interest rate and other terms, but was issued at a price equal to 99.875% of its face value. The Term Loan has been repriced on several occasions, most recently in June 2024, and currently bears interest at an annual rate equal to the Secured Overnight Financing Rate ("SOFR") plus 2.25%, with a 0.75% SOFR floor. We typically select a one-month interest period, with the result that interest is calculated using one-month SOFR. Interest is paid monthly on the last business day of the month. Principal payments, payable quarterly, are equal to approximately \$16.3 million per annum (one percent of the full principal amount of the Term Loan following the March 2024 increase), with the remaining principal due upon maturity.

As of June 30, 2024 and December 31, 2023, we had an aggregate of \$1,616.9 million and \$1,500.0 million, respectively, under the Term Loan. These amounts do not give effect to \$15.9 million and \$17.5 million, respectively, of net unamortized deferred financing costs. The principal balance in borrowings, net of the unamortized deferred financing costs, as of June 30, 2024 and December 31, 2023 amounted to \$1,601.0 million and \$1,482.5 million, respectively. As of June 30, 2024 and December 31, 2023, based upon recent trading prices (Level 2 - market approach), the fair value of our net borrowings under the Term Loan was \$1,615.9 million and \$1,506.6 million, respectively.

In April 2024, we drew down \$50.0 million on our Revolving Facility to fund repurchases of our common stock under our Share Repurchase Program. This amount remained outstanding at June 30, 2024. The Revolving Facility bears interest at an annual rate equal to SOFR plus 2.5% (but without a SOFR floor) if and as drawn, with no original issue discount, and a commitment fee of 0.5% per year on the undrawn amount, which was reduced to 0.375% in the first quarter of 2024 because we had a consolidated first lien net leverage ratio (as defined in the Credit Agreement) of less than 3.5 to 1. The Revolving Facility has a maturity date in September 2028.

The Credit Agreement restricts our ability to incur liens, engage in mergers or asset sales, pay dividends, repay subordinated indebtedness, incur indebtedness, make investments and loans, and engage in other transactions as specified in the Credit Agreement. The Credit Agreement provides for specified exceptions, including baskets measured as a percentage of trailing twelve months of earnings before interest, taxes, depreciation and amortization ("EBITDA"), and unlimited exceptions in the case of incurring indebtedness and liens and making investments, dividend payments, and payments of subordinated indebtedness, based on achievement and maintenance of specified leverage ratios. The Credit Agreement also contains an annual mandatory prepayment sweep mechanism with respect to a portion of our excess cash flow (as defined in the Credit Agreement) in the event our net leverage ratio rises above 3.5 to 1. As of December 31, 2023, we were below the specified leverage ratio, and a mandatory prepayment sweep was therefore not required. The Credit Agreement permits repayment, prepayment, and repricing transactions.

The Credit Agreement contains no financial maintenance covenants with respect to the Term Loan. With respect to the Revolving Facility, the Credit Agreement requires us to maintain a consolidated first lien net leverage ratio (as defined in the Credit Agreement) of no greater than 6.25 to 1 if more than 35% of the Revolving Facility has been drawn, which was the case as of June 30, 2024. The Credit Agreement contains other customary representations and warranties, affirmative and negative covenants, and events of default. We were in compliance with all financial covenants as of June 30, 2024.

Contractual Obligations

As of June 30, 2024, we had non-cancelable purchase obligations of approximately \$9.0 million for inventory purchases with Benchmark, our primary third-party equipment supplier, a decrease of \$11.5 million from the end of 2023 primarily due to recovery from supply-chain constraints. These purchase obligations are all due within the next twelve months.

Our only material long-term cash requirement is the repayment of the remaining principal amount under the Term Loan upon its maturity in 2030, which is expected to be \$1,519.4 million. We expect to refinance this amount at or prior to maturity.

Dividends

Total dividends paid during the six months ended June 30, 2024 were \$32.8 million. While we expect to continue regular cash dividends, which began in 2023, any future dividends declared will be at the discretion of our Board of Directors and will depend upon our results of operations, financial condition and cash requirements, as well as such other factors our Board of Directors deems relevant.

Cash Flows

The following table summarizes our cash flows:

	Six Months Ended June 30,			Change
			2024	
	(In thousands)			
Cash provided by operating activities	\$	152,540	\$	(3,450)
Cash used in investing activities	\$	(137,719)	\$	(82,432)
Cash used in financing activities	\$	(22,845)	\$	142,096

Cash Flows Provided by Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2024 decreased by \$3.5 million from the prior year period, primarily due to a \$4.1 million decrease in net income (loss), as adjusted for non-cash activities, primarily depreciation, associated with the change in useful lives of our satellites and the write-off of the remaining ground spare satellite in the prior year period. Cash flows related to changes in working capital decreased by approximately \$0.6 million, primarily as a result of changes in inventory, offset by corresponding decreases in accounts payable and accrued expenses.

Cash Flows Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2024 increased by \$82.4 million as compared to the prior year period, primarily as a result of our acquisition of Satelles on April 1, 2024, offset in part by a decrease in capital expenditures compared to the prior year. We expect our capital expenditures to average approximately \$60.0 million per year through 2030.

Cash Flows Used in Financing Activities

Net cash used in financing activities for the six months ended June 30, 2024 decreased by \$142.1 million compared to the prior year period primarily due to the additional \$125.0 million in borrowings under the Term Loan and the \$50.0 million in borrowings under the Revolving Facility, offset in part by increased repurchases of our common stock.

Seasonality

Our results of operations have been subject to seasonal usage changes for commercial customers, and we expect that our results will be affected by similar seasonality going forward. March through October are typically the peak months for commercial voice services revenue and related subscriber equipment sales. U.S. government revenue and commercial IoT revenue have been less subject to seasonal usage changes.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, useful lives of property and equipment, long-lived assets and other intangible assets, deferred financing costs, income taxes, stock-based compensation, and other estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. There have been no changes to our critical accounting policies and estimates from those described in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 15, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We had an outstanding aggregate balance of \$1,616.9 million under the Term Loan as of June 30, 2024. Under our Term Loan, we pay interest at an annual rate equal to SOFR, plus 2.25%, with a 0.75% SOFR floor. Accordingly, we are subject to interest rate fluctuations. The Cap manages our exposure to interest rate movements on a portion of our Term Loan. For every SOFR increase of 25 basis points above the level of the Cap, we expect our annual interest expense to increase by an additional \$1.5 million related to the unhedged portion of the Term Loan.

We had an outstanding balance of \$50.0 million under our Revolving Facility as of June 30, 2024. The Revolving Facility bears interest at SOFR plus 2.5%, without a SOFR floor. For every SOFR increase of 25 basis points, we expect our annual interest expense to increase by an additional \$0.1 million related to the Revolving Facility.

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, as well as accounts receivable. We maintain our cash and cash equivalents with financial institutions with high credit ratings and maintain deposits in excess of federally insured limits. The majority of our cash is invested into a money market fund invested in U.S. treasuries, agency mortgage-backed securities and/or U.S. government-guaranteed debt. Accounts receivable are due from both domestic and international customers. We perform credit evaluations of our customers' financial condition and record reserves to provide for estimated credit losses. Accounts payable are owed to both domestic and international vendors.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer, who is our principal executive officer, and our chief financial officer, who is our principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of the end of the period covered by this report. In evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Based on this evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2024, there were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There are no material pending legal proceedings, other than routine litigation incidental to our business.

ITEM 1A. RISK FACTORS.

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. In addition to the other information set forth in this quarterly report on Form 10-Q, you should carefully consider the factors described in "Part I, Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on February 15, 2024, as supplemented by the following risk factor.

Our PNT business, acquired in our purchase of Satelles, Inc., may be difficult to integrate and may not achieve its projected results.

In April 2024, we completed the acquisition of Satelles, Inc., adding a new line of business, which we refer to as our positioning, navigation and timing, or PNT, business. Satelles is the first company we have acquired in full, and integrating its personnel, services and operations into our existing business may be more difficult than we anticipated, resulting in increased expenses and diversion of management's time. In addition, we may not be successful in growing the PNT business as we have projected, which could harm our financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Issuer Purchases of Equity Securities

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum dollar value of shares that may yet be purchased under the plans or programs
April 1-30	2,212,220	\$29.56	2,212,220	\$212.0 million
May 1-31	515,451	\$30.42	515,451	\$196.3 million
June 1-30	575,898	\$26.99	575,898	\$180.8 million
Total	3,303,569	\$29.25	3,303,569	—

To date, our board of directors has authorized the repurchase of up to \$1,000.0 million of our common stock through December 31, 2025. All shares included in the table above were purchased under this authorization in open market transactions, which does not include excise taxes.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

During the three months ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS.

The following list of exhibits includes exhibits submitted with this Form 10-Q as filed with the Securities and Exchange Commission.

Exhibit	Description
10.1	<u>Amendment No. 2, dated as of June 4, 2024, among Iridium Holdings LLC, Iridium Satellite LLC, the other guarantors party thereto, the various lenders party thereto and Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent, which amends the Amended and Restated Credit Agreement, dated September 20, 2023 (as previously amended on March 25, 2024), among Iridium Holdings LLC, Iridium Communications Inc., Iridium Satellite LLC, various lenders, and Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent, incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 5, 2024.</u>
31.1	<u>Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to section 302 of The Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to section 302 of The Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(b) and 15d-14(b) promulgated under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to section 906 of The Sarbanes-Oxley Act of 2002.</u>
101	The following financial information from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, filed with the Securities and Exchange Commission on July 23, 2024, formatted in XBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2024 and December 31, 2023; (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2024 and 2023; (iii) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and six months ended June 30, 2024 and 2023; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2024 and 2023; and (iv) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IRIDIUM COMMUNICATIONS INC.

By: /s/ Thomas J. Fitzpatrick
Thomas J. Fitzpatrick
Chief Financial Officer
(as duly authorized officer and as principal financial officer of
the registrant)

Date: July 23, 2024

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002

I, Matthew J. Desch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Iridium Communications Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2024

/s/ Matthew J. Desch

Matthew J. Desch
Chief Executive Officer
(principal executive officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002

I, Thomas J. Fitzpatrick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Iridium Communications Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2024

/s/ Thomas J. Fitzpatrick

Thomas J. Fitzpatrick

Chief Financial Officer
 (principal financial officer)

**CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the Chief Executive Officer and the Chief Financial Officer of Iridium Communications Inc. (the "Company") each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Quarterly Report and results of operations of the Company for the periods covered in the financial statements in the Quarterly Report.

Dated: July 23, 2024

/s/ Matthew J. Desch

Matthew J. Desch

Chief Executive Officer

/s/ Thomas J. Fitzpatrick

Thomas J. Fitzpatrick

Chief Financial Officer

This certification accompanies the Quarterly Report and shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.